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WILLIAM C. POTTER, II³

ALSO ADMITTED IN CALIFORNIA
² ALSO ADMITTED IN ILLINOIS
³ ALSO ADMITTED IN NEW YORK
⁴ ALSO ADMITTED IN WISCONSIN

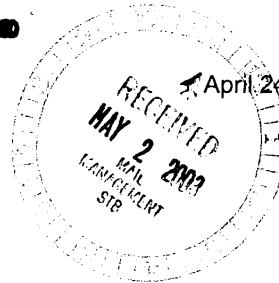
RECORDATION NO. 24433-A

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SURFACE TRANSPORTATION BOARD

Secretary
1925 K Street, NW
Surface Transportation Board
Washington, D.C. 20423-0001



Re: Documents for Recordation for Capitol City Metals, LLC

Dear Secretary:

I have enclosed an original and one copy/counterpart of the documents described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

1) **Loan Agreement.** This document is a loan agreement which is a primary document, dated April 24, 2003, by and between Capitol City Metals, LLC, an Indiana limited liability company, and Houston Locomotive Group, Inc., a Florida corporation.

2) **Security Agreement.** This document is a security agreement which is a secondary document, dated April 24, 2003, by and between Capitol City Metals, LLC, an Indiana limited liability company, and Houston Locomotive Group, Inc., a Florida corporation, which supports the Loan Agreement and is to be recorded along with the Loan Agreement.

The names and addresses of the parties to these documents are as follows:

Lender

Capitol City Metals, LLC
2210 w. Oliver Avenue
Indianapolis, IN 46221

Borrower

Houston Locomotive Group, Inc.
3400 Twin Lakes Terrace, #202
Fort Pierce, FL 34951

A description of the equipment covered by these documents is as follows:

All locomotive cars and parts and scraps therefrom as listed below, as well as all proceeds generated from the sale, lease, transfer or other conveyance of the collateral.

1) Amtrak Locomotive cars, numbers 203, 206, 207, 210, 211, 217, 233, 235, 238, 267

2) Locomotive parts, including but not limited to the following:

KATZ & KORIN
▲ ▲

ENGINE 16 CYL 645 E HEAVY
AR 10 ALTERNATOR
HEP END UNIT
ACCESSORY RACK
AIR COMPRESSOR
26L AIR BRAKES
SPEED CONTROLLER
4 – D77 TRACTION MOTORS
3 – COOLING FANS
1- DB BRAKE FAN
1 – SET RADIATORS
ALL ELECTRICAL SWITCHES

A fee of \$60.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to:

Tim Short, General Manager
Capitol City Metals, LLC
2210 W. Oliver Avenue
Indianapolis, IN 46221

A short summary of the documents to appear in the index follows:

1) **Loan Agreement.** This document is a loan agreement, dated April 24, 2003, by and between Capitol City Metals, LLC, an Indiana limited liability company, and Houston Locomotive Group, Inc., a Florida corporation. This agreement describes the terms and conditions of a loan between the parties regarding the financing of the purchase of 10 Amtrak locomotives, numbers 203, 206, 207, 210, 211, 217, 233, 235, 238, 267, to be dismantled and sold for parts and scrap.

2) **Security Agreement.** This document is a security agreement, dated April 24, 2003 by and between Capitol City Metals, LLC, an Indiana limited liability company, and Houston Locomotive Group, Inc., a Florida corporation. This agreement describes the terms of a security interest on 10 Amtrak locomotives, numbers 203, 206, 207, 210, 211, 217, 233, 235, 238, 267, to be dismantled and sold for parts and scrap, which was given to secure the loan used for the purchase of said Amtrak locomotives.

Please record these documents pursuant to Section 11301 of Title 49 of the U.S. Code. If there are any questions regarding these documents, please feel free to call me at Katz & Korin, P.C., (317) 464-1100. Thank you.

Very truly yours,

KATZ & KORIN, P.C.



Linda L. Vitone

MAY 02 '03 1:21 PM

SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This Security Agreement (the "**Security Agreement**") is made as of the 24th day of April, 2003, by HOUSTON LOCOMOTIVE GROUP, INC., a Florida corporation (the "**Borrower**"), and CAPITOL CITY METALS, LLC, an Indiana limited liability company, (the "**Secured Party**").

WITNESSETH:

WHEREAS, the Borrower has delivered a Promissory Note (the "**Note**") to the Secured Party in connection with a Loan Agreement, dated April 24th, 2003 (the "**Agreement**"); and

WHEREAS, to induce Secured Party to execute and deliver the Agreement, the Borrower has agreed to grant a security interest in and to the Collateral (as hereinafter defined) to secure its obligations under or in connection with the Note;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1 **Definitions**

1.1 Defined Terms. As used herein:

"**Collateral**" shall mean all of the Borrower's property or rights in which a security interest is granted hereunder.

"**Liabilities**" shall mean all Obligations including, without limitation, any modification, extension, or addition to or of the Obligations.

"**Obligations**" shall mean the Borrower's obligation to pay principal and interest and other amounts under the Note, as well as all other obligations of the Borrower under the Loan Agreement.

1.2 Incorporation of Agreement Definitions. Other capitalized terms in this Security Agreement and not specifically defined shall have the meanings ascribed in the Agreement and/or Note.

SECTION 2 **Security Interest in Collateral**

2.1 Security Interest. As security for the payment and performance of the Liabilities, Secured Party shall have, and, the Borrower hereby grants to Secured Party, a security interest in:

a. A first lien on all Borrower's accounts, accounts receivable, deposit accounts, general intangibles, payment intangibles, goods, instruments, investment property, cash, equipment, inventory, chattel paper and all other property, and rights of the Borrower.

b. A first purchase money lien on all locomotive cars and parts and scraps therefrom as evidenced by **Exhibit A** attached hereto and made part of this Agreement, as well as all proceeds generated from the sale, lease, transfer, or other conveyance of the collateral. All collateral is subject to a "no sale provision" as set forth in the Agreement.

c. All proceeds and products from the foregoing.

SECTION 3

Representations and Warranties

To induce Secured Party to enter into the Agreement, Borrower represents and warrants to Secured Party that, except as may otherwise be provided in the Agreement:

3.1 Title to Collateral. All Collateral is lawfully owned by the Borrower, free and clear of any prior security interest, pledge, sale, assignment, transfer or other encumbrance; the Borrower has the unencumbered right to pledge, sell, assign or transfer the Collateral and to subject the Collateral to the security interest in favor of Secured Party herein; no financing statement covering all or any portion of the Collateral is on file in any public office other than in favor of Secured Party; and the security interest herein constitutes a legal and valid, first priority security interest in the Collateral.

SECTION 4

Covenants

4.1 Condition. The Borrower will keep the Collateral in good order and repair, ordinary wear and tear excepted, and will not waste or destroy the Collateral or any portion thereof.

4.2 Compliance with Laws. The Borrower will not use the Collateral in violation of any statute, rule, regulation or ordinance or any policy of insurance thereon. The Borrower will neither use the Collateral nor permit the Collateral to be used for any unlawful purpose or contrary to any statute, law, ordinance or regulation relating to the registration, use, operation or control of the Collateral.

SECTION 5

General Provisions Concerning Collateral

5.1 Further Assurances. The Borrower agrees to do all acts and things and deliver or cause to be delivered such other documents as Secured Party may deem necessary to establish and maintain a valid security interest in the Collateral to secure the payment and performance of the Liabilities and to defend title to the Collateral against any person claiming any interest therein adverse to Secured Party. The Borrower authorizes Secured Party, at the expense of the

Borrower, to execute and file a financing statement or statements on its behalf in those public offices deemed advisable or necessary by Secured Party to protect the security interests of Secured Party herein granted. The Borrower further authorizes Secured Party to file a UCC-1 financing statement in the general form annexed hereto as **Exhibit B** and any and all continuation on modifications thereof with each such filing office deemed advisable by Secured Party. Borrower further agrees to sign all documents and assist in any way Secured Parties' filings with the Surface Transportation Board or any other entity deemed appropriate by Secured Party. If permitted by law, the Borrower agrees that a carbon, photographic or other reproduction of this Security Agreement or a financing statement may be filed as a financing statement.

5.2 Secured Party May Defend Title. If the Borrower fails to pay any taxes, assessments, premiums, or fees, or fail to discharge any liens or claims against the Collateral required to be paid or discharged by the Borrower, or fails to purchase, maintain and file with Secured Party any insurance required by this Security Agreement, or if any such insurance is inappropriate to the situation, in Secured Party's reasonable discretion, Secured Party may, without demand or notice, pay any such taxes, assessments, premiums or fees, or pay, acquire, satisfy or discharge any liens or claims asserted against the Collateral (without any obligation to determine the validity thereof), or purchase any such insurance. All sums so expended by Secured Party shall become a Liability secured by these presents.

5.3 Transfer of Collateral. The Borrower shall not sell, lease, license, transfer or otherwise dispose of any interest in any Collateral, without the consent of the Secured Party.

SECTION 6

Remedy

6.1 Remedies Generally; Power of Sale. Upon the occurrence of an event of default under the Note or the Loan Agreement and at any time thereafter, Secured Party shall have all rights and remedies available at law or in equity including, without limitation, the rights and remedies of a secured party under the Indiana Uniform Commercial Code (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted).

6.2 Waiver and Amendment. Except as otherwise expressly set forth in this Agreement, to the extent permitted by law, the Borrower waives demand, notice, protest and notice of acceptance of this Security Agreement. This Security Agreement may be amended only by a writing duly signed by Secured Party and the Borrower.

6.3 Expenses; Proceeds of Collateral. The Borrower shall pay to Secured Party on demand any and all reasonable out-of-pocket expenses, including reasonable attorneys' fees, incurred or paid by Secured Party in protecting the Collateral or the existence, perfection or priority of Secured Party's security interest therein. After deducting all of such expenses, the residue of any Proceeds of collection or sale of the Collateral shall be applied to the payment of principal or interest on Liabilities in such order of preference as Secured Party may determine, proper allowance for interest on Liabilities not then due being made, and any excess shall be returned to the Borrower.

6.4 Power of Attorney. Upon the occurrence of a event of default under the Note or the Loan Agreement, the Borrower hereby irrevocably appoints Secured Party and Secured Party's designees from time to time its true and lawful attorneys-in-fact, with full power of substitution in the premises to sign and send on behalf of the Borrower financing statements and other public records, on verifications of accounts and on notices to customers; and to do all things necessary to carry out this Security Agreement. The Borrower ratifies and approves all acts of such attorneys. Neither Secured Party nor any attorney will be liable for any acts or omissions or any error of judgment or mistake of fact or law, absent gross negligence, bad faith or willful misconduct. This power, being coupled with an interest, is irrevocable until the Note has been fully satisfied. Notwithstanding anything herein to the contrary, no attorney acting pursuant to this Section 6.4 shall have any authority to confess judgment on behalf of Corporation.

6.5 Reinstatement. If, at any time after payment in full by the Borrower of the Note and satisfaction of all Liabilities, and termination of Secured Party's security interest, any payments on the Liabilities previously made by the Borrower or any other Person must be disgorged by Secured Party for any reason whatsoever, including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower, this Security Agreement and Secured Party's security interests herein shall be reinstated as to all disgorged payments as though such payments had not been made, and the Borrower shall sign and deliver to Secured Party all documents, and shall do such other acts and things, as may be necessary to re-perfect Secured Party's security interest.

6.6 No Marshaling. The Borrower, on its behalf and on behalf of its successors and assigns, hereby expressly waives all rights, if any, to require a marshaling of assets by Secured Party or to require Secured Party's first resort to some or any portion of the Collateral before foreclosing upon, selling or otherwise realizing on any other portion thereof.

SECTION 7

Miscellaneous Provisions

7.1 Governing Law. This Security Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the Indiana Uniform Commercial Code and other applicable laws of the State of Indiana, without reference to conflict of law principles.

7.2 Severability. Whenever possible each provision of this Security Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. The Borrower recognizes that Secured Party has relied on this Security Agreement to execute the Agreement and agrees that such reliance by Secured Party shall be sufficient consideration for this Security Agreement.

7.3 Waiver of Jury Trial. The Secured Party and Borrower, after consulting or having the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right any of them may have to a trial by jury in any litigation based upon or arising out of this Security Agreement or any related instrument or agreement or any of the transactions contemplated by this Security Agreement, or any conduct, dealing, statements (whether oral or written), or actions of any of them. Neither the Secured Party nor Borrower shall seek to consolidate by counterclaim or otherwise any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by either the Secured Party or Borrower except by written instrument executed jointly by them.

7.4 Modification and Venue. A modification, amendment, or waiver of provisions of this Security Agreement shall be effective when in writing and signed by the Lender. Borrower agrees that in the event legal action becomes necessary, jurisdiction and the sole appropriate venue therefor shall be the federal or state courts located in Indianapolis, Marion County, Indiana.

7.5 Binding on Successors. The rights and privileges of Secured Party shall inure to the benefit of its respective successors and assigns.

7.6 Final Expression. This writing is intended by the Secured Party and Borrower as a final and exclusive expression of this Security Agreement with respect to such terms as are included therein and may not be contradicted by evidence of any prior agreement or contemporaneous agreement; the terms and conditions of this Security Agreement will survive the closing of this Security Agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Borrower and Secured Party have caused this Security Agreement to be executed by their respective officers duly authorized as of the date first above written.

"Borrower"

HOUSTON LOCOMOTIVE GROUP, INC.,
a Florida corporation

By: _____
Mark Lees, President

"Secured Party"

CAPITOL CITY METALS, LLC,
an Indiana limited liability company

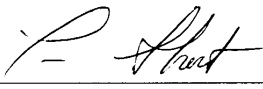
By: _____
Tim Short, General Manager

Exhibit A

1. Locomotive cars as listed below by car number and purchased from the National Railroad Passenger Corporation:

Amtrak 203
Amtrak 206
Amtrak 207
Amtrak 210
Amtrak 211
Amtrak 217
Amtrak 233
Amtrak 235
Amtrak 238
Amtrak 267

2. Locomotive parts, including but not limited to the following:

ENGINE 16 CLY 645 E HEAVY
AR 10 ALTERNATOR
HEP END UNIT
ACCESSORY RACK
AIR COMPRESSOR
26L AIR BRAKES
SPEED CONTROLLER
4 D77 TRACTION MOTORS
3 COOLING FANS
1 DB BRAKE FAN
1 SET RADIATORS
ALL ELECTRICAL SWITCHES

Exhibit B

5. ALTERNATE DESIGNATION (if applicable)	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR
	AG. LIEN	NON-UCC FILING	SELLER/BUYER

6. Florida DOCUMENTARY STAMP TAX – YOU ARE REQUIRED TO CHECK EXACTLY ONE BOX

☐ All documentary stamps due and payable or to become due and payable pursuant to s. 201.22 F.S., have been paid.

☐ Florida Documentary Stamp Tax is not required.

7. OPTIONAL FILER REFERENCE DATA

STANDARD FORM - FORM UCC-1 (REV.12/2001)

Filing Office Copy

Approved by the Secretary of State, State of Florida

**STATE OF FLORIDA UNIFORM COMMERCIAL CODE
FINANCING STATEMENT FORM – ADDENDUM**

8. NAME OF FIRST DEBTOR (1a OR 1b) ON RELATED FINANCING STATEMENT

8a. ORGANIZATION'S NAME			
8b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

9. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY ONE DEBTOR NAME (10a OR 10b) - Do Not Abbreviate or Combine Names

10a. ORGANIZATION'S NAME				
10b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
10c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
10d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	10e. TYPE OF ORGANIZATION	10f. JURISDICTION OF ORGANIZATION	10g. ORGANIZATIONAL ID# <input type="checkbox"/> NONE

11. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - INSERT ONLY ONE SECURED PARTY NAME (11a OR 11b)

11a. ORGANIZATION'S NAME				
11b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

12. This FINANCING STATEMENT covers ☐ timber to be cut or
☐ as-extracted collateral, or is filed as a ☐ fixture filing.

13. Description of real estate:

15. Additional collateral description:

**STATE OF FLORIDA UNIFORM COMMERCIAL CODE
FINANCING STATEMENT FORM**

Exhibit B

A. NAME & DAYTIME PHONE NUMBER OF CONTACT PERSON	
B. SEND ACKNOWLEDGEMENT TO:	
Name	
Address	
Address	
City/State/Zip	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME – INSERT ONLY ONE DEBTOR NAME (1a OR 1b) – Do Not Abbreviate or Combine Names

1a. ORGANIZATION'S NAME Houston Locomotive Group, Inc.				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 3400 Twin Lakes Terrace, #202		CITY Fort Pierce	STATE Florida	POSTAL CODE 34951
1d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Corporation	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID# <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – INSERT ONLY ONE DEBTOR NAME (2a OR 2b) – Do Not Abbreviate or Combine Names

2a. ORGANIZATION'S NAME				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID# <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P)– INSERT ONLY ONE SECURED PARTY NAME (3a OR 3b)

3a. ORGANIZATION'S NAME Capitol City Metals, LLC				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 2210 W. Oliver Ave.		CITY Indianapolis	STATE Indiana	POSTAL CODE 46221

4. This FINANCING STATEMENT covers the following collateral:

All of debtor's assets, where ever such assets may be located, including, but not limited to:

- a) A first lien on all of debtor's accounts, receivables, deposit accounts, general intangibles, payment intangibles, goods, instruments, investment property, cash, equipment, inventory, chattel paper and all other property, and rights of the debtor.
- b) A first purchase money lien on all locomotive cars and parts and scraps therefrom as listed below, as well as all proceeds generated from the sale, lease, transfer or other conveyance of the collateral.

1) Amtrak Locomotive cars, numbers 203, 206, 207, 210, 211, 217, 233, 235, 238, 267

2) Locomotive parts, including but not limited to the following:

ENGINE 16 CYL 645 E HEAVY
AR 10 ALTERNATOR
HEP END UNIT
ACCESSORY RACK
AIR COMPRESSOR
26L AIR BRAKES
SPEED CONTROLLER
4 – D77 TRACTION MOTORS
3 – COOLING FANS
1- DB BRAKE FAN
1 – SET RADIATORS
ALL ELECTRICAL SWITCHES

c) All proceeds and products from the foregoing.

Exhibit B

14. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or
☐ Decedent's Estate

17. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY
☐ Filed in connection with a Manufactured-Home Transaction - effective 30 years
☐ Filed in connection with a Public-Finance Transaction - effective 30 years

STATE OF INDIANA)
) SS:
COUNTY OF Marion)

Before me, a Notary Public in and for said County and State, personally appeared Mark Lees, a duly authorized representative of Houston Locomotive Group, Inc., who acknowledged the execution of the foregoing Security Agreement.

Witness my hand and Notarial Seal this 24th day of April, 2003.



My Commission expires: _____

Andrea B. Cecil

Printed ANDREA B. CECIL

NOTARY PUBLIC, PUTNAM CO. IND.
Residing in Putnam County

STATE OF INDIANA)
) SS:
COUNTY OF Marion)

Before me, a Notary Public in and for said County and State, personally appeared Tim Short, a duly authorized representative of Capitol City Metals, LLC, who acknowledged the execution of the foregoing Security Agreement.

Witness my hand and Notarial Seal this 24th day of April, 2003.



My Commission expires: _____

Andrea B. Cecil

Printed ANDREA B. CECIL

NOTARY PUBLIC, PUTNAM CO. IND.
Residing in Putnam County